

Message Text

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PAGE 01 STATE 213662

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ORIGIN NEA-12

INFO OCT-01 ISO-00 EB-11 H-03 ABF-01 L-03 INR-10 SS-20

SPC-03 PRS-01 RSC-01 /066 R

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P 302052Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

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STADIS//////////

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJECT: RUPEE DISCUSSIONS:BYRD COMMITTEE HEARING

REF: STATE 207324

1. SENATOR BYRD CHAIRED OCTOBER 29 ONE-DAY OVERSIGHT HEARINGS BY SUBCOMMITTEE ON INTERNATIONAL FINANCE AND RESOURCES OF SENATE FINANCE COMMITTEE CONCERNING FOREIGN INDEBTEDNESS TO THE U.S. NO OTHER SENATORS PRESENT. RELEVANT PRESS RELEASE, COMMITTEE BRIEFING MATERIALS, AND STATEMENTS BY TREASURY ASSISTANT SECRETARY HENNESSY AND STATE DEPUTY ASSISTANT SECRETARY WEINTRAUB POUCHED LANDE.

2. SENATOR BYRD DEVOTED ABOUT 45 MINUTES OF CORDIAL TWO-HOUR SESSION TO INDIAN DEBT PICTURE, INCLUDING, OF COURSE, PROPOSED RUPEE SETTLEMENT. REST OF SESSION DEVOTED TO WORLD WAR I DEBTS, WORLD WAR II LEND-LEASE DEBTS, POST WORLD LIMITED OFFICIAL USE

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PAGE 02 STATE 213662

WAR II LDC DEBT, AND CURRENT PROGRAM OF SALES OF NAVAL VES-

SELS. SENATOR BYRD APPEARED PRIMARILY CONCERNED THAT CONGRESS LACKED SUFFICIENT LEGISLATIVE BASIS FOR ADEQUATE EXERCISE OF SUPERVISION OVER THE REPORTING, COLLECTION AND RESCHEDULING OF FOREIGN INDEBTEDNESS.

3. IN INDIRECT REFERENCE TO RUPEE SETTLEMENT, BYRD SPECIFICALLY EXPRESSED CONCERN THAT "U.S. AMBASSADORS" COULD IN EFFECT APPROPRIATE FUNDS BY CANCELLING SPECIFIC FOREIGN DEBTS TO U.S. HOWEVER, BYRD ALSO APPEARED HAVE UNDERSTANDING OF PRACTICAL LIMITATIONS ON U.S. USES OF INDIAN RUPEES AND SAID HE DID NOT NECESSARILY OPPOSE SOME SETTLEMENT OF THIS ISSUE. IN SUM, WHILE BYRD MADE SEVERAL POINTED REFERENCES TO "U.S. GENEROSITY" TO INDIA, HE APPARENTLY EVEN MORE CONCERNED WITH ISSUE OF CONGRESSIONAL OVERSIGHT OF GENERAL PROBLEM OF INDEBTEDNESS THAN WITH SPECIFICS OF INDIAN RUPEE SETTLEMENT.

4. WE NOT RPT NOT CERTAIN WHAT BYRD WILL SEEK TO DO ON BASIS THESE HEARINGS. POSSIBILITIES INCLUDE INTRODUCTION OF LEGISLATION TO EXPAND STATUTORY BASIS FOR CONGRESSIONAL OVERSIGHT OF DEBT RESCHEDULINGS. WE DO NOT KNOW HOW ANY OF THIS WILL AFFECT INDIAN RUPEE SETTLEMENT, BUT WE THINK THE HEARING WENT RELATIVELY WELL IN THIS RESPECT. KISSINGER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, LAW, RUPEE, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Draft Date: 30 OCT 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE213662
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973104/aaaaacqi.tel
Line Count: 84
Locator: TEXT ON-LINE
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: STATE 207324
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 19 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Dec-2001 by martinml>; APPROVED <07 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RUPEE DISCUSSIONS:BYRD COMMITTEE HEARING
TAGS: EFIN, IN
To: NEW DELHI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005